Poverty and governance – A quest for alternative focus: Bangladesh test case

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Abstract

Over the last two decades Bangladesh experimented with a series of new models/approaches and institutional frameworks for addressing poverty and rural development. Although the intensity of poverty has been arrested to some extent, social disparity and inequality remained persistently the same. There are strong criticisms of not maintaining a comprehensive approach to address issues of poverty and development. Against such a backdrop, with persistent pressure from development partners and donor agencies, a Poverty Reduction Strategy (PRSP) has been approved by the Government of Bangladesh. It is argued that without a comprehensive reform and revitalization of the local government system specially the Union Parishads (the grass roots based rural local government) it would be difficult, if not impossible, to achieve the goals of PRSP. There is also a need to re-conceptualize the term governance with a focus to include “pro-poor” issues and aspirations, particularly in a country like Bangladesh.

Key words: governance, poverty reduction strategy, pro poor governance, local government
Introduction

Over the last two decades Bangladesh has experimented with a series of new models/approaches and institutional frameworks for addressing poverty and rural development. Although the intensity of poverty has been arrested to some extent, the social disparity and inequality remained persistently the same. There are also strong criticisms of not maintaining a comprehensive approach to address the issues of poverty and development. Against such a backdrop, with persistent pressure from development partners and donor agencies, a Poverty Reduction Strategy Paper (PRSP): “Unlocking the Potential, National Strategy for Accelerated Poverty Reduction” has been approved by the Government of Bangladesh. The central focus of the PRSP is on governance, appropriate delivery and institutional mechanism for poverty alleviation.

From the 1990s Bangladesh has notably improved both its economic performance and human development indicators. Bangladesh has shown impressive record in social development, poverty reduction and accelerated economic growth for over three decades. Even with a significantly reduced and declining dependence on foreign aid, the economy appeared to begin a transition from stabilization to growth. However there is a growing concern regarding how far the economic growth momentum can withstand a ‘weakening’ of the institutions of political governance (Ahluwalia and Mahmud, 2004).

This paper attempts to address some of the critical questions. Does the conventional conceptual framework of governance adequately address the issues and concerns of poverty? How can the grass roots based local government address the ambitious goals and targets of PRSP in Bangladesh?

Governance: An overview

Discussions of governance often generate more rhetorical heat than empirical light. Since early 1980s, Governance has emerged as a popular vocabulary of development literature; nevertheless, a consensus on definitions is elusive. However, in general terms, Governance denotes 'how people are ruled, how the affairs of the state are administered and regulated as well as a nation's system of politics and how these function in relation to public administration and law" (Mills and Serageldin, 1991: 304).

Governance is examined as “the manner in which power is exercised in the management of a country’s eco and social resources for development,” (World Bank 1992). Governance is assessed by researchers from a three dimensional perspective (Daniel Kaufmann, Aart Kraay and Pablo Zoido-Lobatón, 2000):

- a. process by which governments are selected, held accountable, monitored, and replaced;
- b. capacity of governments to manage resources efficiently and formulate, implement, and enforce sound policies and regulations; and,
- c. extent of participation of the citizens in affairs of the state.

2 Since 2000, GDP growth was around 5%, population growth rate fell from 2.4 to 1.5% between the last two decades. Progress in human development indicators Bangladesh ranked among the top performers in the UNDP Human Development Index. Index of human poverty shows a decline from 63.1 in 1981-83 to 34.8 in 1998-2000. Head count poverty index has declined from 70 percent in early 70s to 50 percent in 2000.

3 Bangladesh’s progress in social development also stands out in cross-country comparisons. This supports the proposition that higher social development outcomes can be achieved even at a lower level of per capita national income. Growth and income-poverty reduction performance of Bangladesh was modest relative to her South Asian neighbours, least developed and developing countries. Between 1975 and 1995, Bangladesh's per capita GDP growth of 2 percent per annum was less than that of India (2.8 percent), Pakistan (3.1 percent) and Sri-Lanka (3.2 percent). During the period between the early 1980s and early 1990s, the incidence of income-poverty decline was 0.8 percent per year in Bangladesh compared with 1.9 percent in India, 1.4 percent in Pakistan and 3.6 percent in Sri Lanka.
In the 1990s yet another approach towards governance came into lime light - *humane governance*. The chief protagonist of humane governance, Mahbub ul Haq argues that the “concept of governance has so far failed to match the radicalism of the notion of human development” (Mahbub ul Haq et. al. 1999). Humane governance stresses the state, civil society and the private sector to provide room for building capacities favourable for meeting the basic needs of all people, particularly women, children, and the poor, ensuring sustainability of human development. Governance calls for enhancing the scope for the common people to influence laws, and promoting their rights and privileges.

The concepts of “good governance” and “pro-poor growth” have come to the fore in development literature and practice. However, evaluative studies to assess the extent of contribution of good governance to pro-poor growth are still relatively few. Some researchers, however, also noted that governance indicators that refer to transparent political systems, civil liberties and political freedom, tend to be conducive to poverty reduction, but the evidence is rather mixed, and the relationship of these variables with growth and distribution still remains unclear.

**Social dimensions of governance in Bangladesh**

*Poverty is acute and persistent in Bangladesh.* There is mounting evidence that poverty is associated with poor governance. Since the poor lack the resources to give bribes, they do not get equal access to government services. There is a noticeable pattern of regional variation in poverty. There are also some “localized pockets” of extreme poverty. With the given trend, there are a large number of people coming up as “tomorrows poor” (Rahman, 2002).

*Women are more vulnerable in all form and measurement of poverty.* The burden of poverty falls disproportionately on women in the areas of nutritional intake, access to gainful employment, wage rate and access to maternal health care. Households dependent on female earners (20% of rural households) have a higher incidence of poverty than those dependent on male earners.

*Rural class relations are based on landholding and the effective control of other key resources* such as water, fisheries, and forests. The vast majority of members of parliament and bureaucracy come from the rural elite and landed gentry. Thus administrative practices and processes tend to support the prominent interest of the rural elite and privileged class.

At both the national and local levels the *elite has achieved tight control over resources and opportunities distributed by the state and through the imperfect markets of the private sector*. To a large extent state resources have been allocated via patronage networks stretching down into the village, in which the locally sponger families have successfully manoeuvred to occupy *khas* land (land owned by government) and other resources via linkages to public officials.

*Poverty focused programmes could not emerge as an effective institutional approach to address the plight of the poor.* All major poverty alleviation programmes in Bangladesh are found to be loosely coordinated and lacked adequate institutional framework. Due to the lack of central coordination these programmes have been mostly sectoral in approaches.

The harsh impact of weak governance on the poor emerges clearly in a recent survey. *The poor are least able to fend for themselves, lacking both the resources and the knowledge to assert their rights.* The instruments of governance are controlled by a self-serving elite whose behaviour is reinforced by deep rooted social norms of dominance and subservience characteristics of patrimonial society.

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4 For detail see Khan, 2006 and http://www.eldis.org/ cf/ search/ disp/ DocDisplay
5 UNDP’s 1996, *Report on Human Development in Bangladesh: A Pro-Poor Agenda*, provides examples of this with reference to education, health services and relief and food aid.
Grass roots level governance in Bangladesh
At the grass roots level of governance, the overall picture is indeed depressing. The Union Parishad\(^6\) (UP) being institution of about 135 years is still far from becoming a local body having adequate institutional credibility. Though the UP has a long list of role and functional responsibilities, its institutional visibility is far too limited as far as the poor and disadvantaged are concerned. Furthermore the governance capacity of the rural local government is inadequate and inefficient (Aminuzzaman and Sharmin, 2006).

Available literature reveals that UP, the lowest level local government body, suffers from various institutional problems. Moreover, the UP is alleged to be class biased and have little sensitivity, awareness, and concern about pro-poor interventions. Empirical evidences suggest that:

- UP is not pro-poor enough to assess and understand the priorities of the poor. Thus pro-poor issues do not get priority and/or preference in UP programme design and project selection.
- Built-in mistrust about the UP as well as central government extension agencies has also driven the poor away or demotivated them about demanding services.
- The poor are also unaware of their constitutional rights to be assertive in demanding services.
- NGOs have not been able to provide the service of ‘link-pin’ between the poor community and the UP as well as GOB line agencies/extension staff (Aminuzzaman, 2006)

Governance need and approaches as perceived by the poor\(^7\)
Good governance, as perceived by the poor, is a system where everyone especially the poor and needy get a fair share of public resources. The disadvantaged people acknowledged that resources for the poor in the form of Vulnerable Group Feeding, Test Relief and other food aid is a reflection of good and humane governance.

For their livelihood, the poor believe that a good and fair governance system would create more opportunities through the introduction of soft credit and investment and more training and skill development for generating employment of the poor rural people, particularly women and disadvantaged groups. The poor also perceive good governance as assurance of better health and educational support for the vast majority of the people i.e. the poor.

The poor also recognized that honesty and integrity of leadership is the cornerstone of good governance. Good governance to the poor is a cultural and political condition where the local elected leaders and officials would be accessible during the most critical needs. They also emphasized that the scope for participation of the “poor” and “disadvantaged” in the governmental affairs especially in the UP is also critically important in ensuring better governance.

Missing ingredients of governance
Based on the observations and empirical findings of this study and other related studies, it appears that there are some conceptual distortion and missing ingredients in understanding and analysing of the concept of governance. First, sharp income inequalities and intense distributional conflicts diminish the utility of a democratic process and governance. This leads to political instability and creation of room for abuse of power by a selected privileged minority. Second, concentration of

\(6\) The foundation of the Union Parishad (UP) was laid in 1870 through ‘Chowkidari (village police) Panchayet Act and Bengal Self-Government Act, 1885 during the British era. Ever since numerous acts and ordinances have reformed/restructured the UP. At present it is only working Local bodies in the rural areas. There are 4500 UPs in Bangladesh. Each UP covers approximately 10 to 15 villages with an average population of 20000.

\(7\) Empirical data are drawn from Aminuzzaman (2006)
power in the hands of political elite has created room for violating the rights of the rural poor. Third, absence of internal democracy in the political parties creates platform for individuals to become more important than the policies resulting in erosion of popular confidence in political system. Criminalization and commercialization of politics close the door of politics for the common man. Fourth, with ignorance and pervasive poverty, democracy often locks the poor into a patron-client relationship with their political representatives. Self-serving politicians abuse the ignorance of the electorates and make them perpetually dependent on them for any social and economic services.

An inward looking approach
The concept of governance as perceived by the common people in Bangladesh matches more with the conceptual framework of humane and responsive governance. The aim of responsive governance is to develop a system and process whereby a condition is created to extend and consolidate the room for the poorer and disadvantaged section of the society to effectively engage in decision making processes and get adequate access to resources and public services.

Good governance should be conceptualized according to how people perceive it. It should be judged in terms of it’s relevance to the need of the people and its success should be assessed on the basis of how it affects the advancement of human development in its broadest sense. The ultimate realization of the well-being of the people should be the core concern of governance. So, governance must be:

- seen by people as their own interest --- *ownership*;
- conducive to building a society in which none feel humiliated --- *decency and dignity*;
- embodied in structures which ensures law and order and safety -- *safety and security*.
- focused on development of support systems for the better livelihood and employment of the poor, disadvantaged and common people through continued provision and extension of services --- *better life*.
- designed around a system and process that is governed by *honest and dedicated leaders without corruption and malpractice* – *accountability*;
- system that ensures elimination of all forms of discrimination against women and other disadvantaged groups --- *accessibility*;

What can be done to have responsive governance?
The following are some of the approaches that may be adopted at various levels to create a condition of humane and responsive governance.

- improving the management of public delivery system, reforming public sector institutions and administrative procedures to reach the poor and the disadvantaged;
- initiating policy reforms in favour of the poor and disadvantaged;
- initiating broad based and pro-poor growth and pro-poor budgetary policies;
- ensuring better law and order system to protect life and security of the people;
- mapping governance needs of the poor; and
- improving realization of human rights and the position of women and disadvantaged in the society.

Governance constraints: Areas of concern
The Government of Bangladesh’s (GOB’s) stated priorities (as expressed in different Five Year Plans, Poverty Reduction Strategy Paper) are reduction of poverty, establishment of social justice, and overall improvement in the people's standard of living. Although there are signs of improvements in some social indicators, but the evidence suggest that most of the benefits of development have reached only a small section of the society. Independent study concluded that the impact of various government and non-government targeted programmes benefited the moderate poor, but had relatively little impact on the extremely poor (DANIDA, 2000).
Empirical assessments further indicate that in reality, development policies in Bangladesh tend to: lack responsiveness - policies are usually symbolic, some policies are “a matter of too little, too late”, though there are efforts of inter-ministerial consultative process, policy is still found to be inconsistent, are unpredictable – numerous policies suffer sudden reversal or changes in direction. Most Bangladeshi view policy announcements with considerable scepticism – viewing them more as a token response to donor demands rather than as genuine commitment to change, and some policies appears to be unrealistic and are often based on populist stunts only (Department of Public Administration, 2002).

Governance constraints take a variety of forms but most observers agree that a broad spectrum of governance constraints have, in recent years, coalesced in five areas of particular concern, each of which have serious consequences for the poor. These include: (i) the deteriorating law and order situation and failure of the justice sector to check crime and corruption; (ii) weak public administration; (iii) a regulatory environment that combines overly strict regulation in some sectors and inadequate or no regulation in others; (iv) inadequate national policy and resource commitments to decentralization and local government reform; and, (v) the impact of intensifying partisan tensions on every dimension of life in Bangladesh.

**Unlocking the potential: strategic focus**

With the constitutional obligation of developing and sustaining a society in which the basic needs of all people are met and every person can prosper in freedom and cherish the ideals and values of a free society, the vision of Bangladesh’s poverty reduction strategy is to substantially reduce poverty. Bangladesh has also set ambitious goals/targets under the MDG by 20158.

At the policy level it has to be recognized that poverty is just not an economic issues or problem, but more of a political and policy issue demanding the changes in the political processes and mind set as well as structures of policies. It is now empirically established that though the negative consequences of weak governance affect the entire population, but have a particularly severe impact on the poor, women, and other marginalized groups whose vulnerability to traditional social biases and inequitable power relations place their rights and interests at risk.

*Figure 1. Pro-poor governance routes to address poverty.*

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8 Reduction of people living below the poverty line; universal primary education; reduce under-five mortality rates, reduce malnutrition rates; reduce infant mortality rates; ensure access of reproductive health services; eliminate social violence against the poor and other marginalized groups, especially violence against women and children; and ensure comprehensive disaster risk management, environmental sustainability and mainstream these concerns into the national development process.
Pro-poor governance should be viewed as crosscutting issue which involves various interrelated and complementary routes to address poverty. The strategic interventions can be addressed by a synergic policy approach. Four sets of policy approaches and action paths can be considered (see Figure 1): 1) to expand the scope for pro-poor economic growth for increasing income and employment of the poor; 2) to foster human development of the poor; 3) to provide a social safety net to the poor against various anticipated and unanticipated income shocks; and 4) to create favourably influencing participatory governance and enhance voice of the poor by strengthening women's empowerment creating pro-poor institutions, improving the performance of the existing anti-poverty institutions and removing the institutional hurdles that hinder social mobility of the poor. In view of the above premises, poverty in Bangladesh should be addressed by a synergic approach.

What can be done for pro-poor governance?
Following are some of the approaches that could be addressed at various levels to create a condition of pro-poor and responsive governance:

*Reforming Public Delivery System at Local Level*

The most direct channel through which governance affects poverty is via its impact on service delivery. Poverty reduction depends on improvements in the quality and accessibility to poor people of basic education, health, water and other social and infrastructure services. Policy and programme intervention therefore should be made in relation to poor people’s livelihoods, resources, knowledge and rights. At the grass roots levels of programme management attempts should be made for the poor to: a) facilitate the access to resources; b) help to strengthen the basis of livelihoods; c) expand their knowledge base; d) help exercise social and political rights; e) investment in human capital to enable greater participation; f) provide access to productive assets, and g) empowerment through mobilizing their talents in community development projects.

*Local level Planning and citizens’ participation*

Planning and resource allocation at the local level in Bangladesh is in general non-transparent, where decisions generally are skewed in favour of those who directly or indirectly belong to the power structure. What is imperative at this stage is to create a condition and develop mechanism for assured participation of the poor and disadvantaged in local level planning. The voice of the poor in particular can improve public performance. At the micro-level, these include: a) fostering participation of community in the governance through promoting and strengthening of people’s organisation (PO) and Community based Organisations (CBOs), b) institutionalizing community participation specially by the poorer section in the UP affairs.

*Reorientation of bureaucracy with New Public Management (NPM)*

NPM seeks to improve quality by giving managers broad discretion in running their programs and holding them accountable for results to their respective hierarchy as well as to the

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9 Such policy approach should include: sustainable improvement in livelihoods and basic services for the poor and those vulnerable to poverty; involving local governments to respond to needs of the poor; encouraging NGOs and CBOs to strengthen the voice of the poor; initiating sustainable broad based and pro-poor growth and pro-poor budgetary policies; improved realization of human rights; improvement in positions of women and disadvantaged in society.

10 Refers to *Samities* (groups) formed by NGOs at the grass roots level. Members of these *Samities* are drawn from the poorer section of rural communities. NGOs have mobilized these groups primarily for micro-credit but have also trained and oriented these *Samity* members on various soft skills including basic human-rights, local governance and livelihood issues.
clientele. Public Administration system needs to be recast in the light of the philosophy and approaches of NPM framework.

**Budget with Gender focus**

Strengthening women’s representation and participation in economic and political life can contribute significantly to poverty alleviation and to more effective and accountable governance. One tangible way to respond is by formulation of gender budgets. The experience to date has shown the potential of gender analyses not only to bring gender equality, but to improve transparency and good governance. Gender budgets have contributed to reprioritization of public spending and to other policy changes in areas such as child care, and combating domestic violence, literacy, and fostering political participation.

**NGOs in promoting pro poor governance**

Outsourcing of many government activities to NGOs can help reduce the burden of misgovernance. Awareness campaigns through NGOs can play important roles in making citizens conscious of their rights and duties. NGOs can put pressure on government and political parties to agree to initiate administrative, electoral and political reforms and creating a base for active participation of the poor and disadvantaged. The NGOs and civil society organisations should develop their future advocacy and program activities in following areas:

1. advocacy for implementing the pro-poor pledges of MPs during the election campaign;
2. local and national level social mobilization for more debate and discussion on pro-poor issues in Parliament;
3. creating awareness among different poor groups and strengthening their capacity to mediate their demands from local MPs;
4. developing tools and techniques for local NGOs and civil society to monitor the role of local MPs in poverty reduction.

**Strategic intervention: Activating and strengthening UP**

Governance has justifiably emerged as the most critical issue at the interface of democracy and development. One of the strongest policy windows to address poverty is to opt for comprehensive decentralization. Local government and local elected bodies should be given the core responsibilities to address poverty and related development initiatives and challenges.

The critical areas of governance that affect poverty are:

1. lack of service-delivery particularly in the areas of health and education;
2. rampant corruption and leakage in targeted programmes;
3. inaccessibility to justice;
4. lack of regulatory support to the informal and unorganised sectors of the economy where a majority of the poor pursue their livelihoods;
5. high risk of income erosion threatens the poor due to various forms of insecurity and improper application of power.

In order to address such governance issues, the grass roots based local government need to strengthen and become active. They, particularly the UP, can play an effective role in:

a. **demand-led agricultural extension** with pro-poor focus and stress on participatory extension services involving wider rural communities i.e. farmers, landless households, different occupation groups and women;

b. **revamping agricultural marketing** with the assistance from Department of Agricultural Marketing by promoting an innovative marketing system for poor farmers.

c. encouraging destitute women to get engaged in non-conventional agricultural practices through home gardening to contribute to household income as well as nutrition intake;

d. developing a network for flow of rural credit from nationalized banks to the CBOs and community based initiatives.

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11 Gender budget does not necessarily mean a separate budget for women, but analyses of public spending from a gender perspective.
e. **supporting the traditional cooperatives** (like BSS, KSS, MSS\(^\text{12}\)) to play important roles in rural economic development through mobilization of rural human capital, specially in areas like fisheries, social forestry, small-scale water development and micro-credit.
f. UP can also be effectively used for providing **food security** to rural poor and destitute by organizing food for work, test relief and community based employment.
g. encouraging rural non-farm activities for the poor in collaboration with various line agencies of the central government;
h. UPs should also be directly involved in designing and managing special safety net programmes\(^\text{13}\).
j. UPs can help creating institutional mechanism for ensuring participation of the various socially and economically excluded groups of the rural community.

Despite sincere efforts on the part of NGOs, Civil Society Organisations and government, the extremely poor have not yet been reached with basic financial services. As a result, they remained loosely integrated into the economic progress and were unable to improve their poverty situation. Provision of basic financial services (i.e. with adequate provision of skill development and marketing facilities) for the extremely poor would enable them build or expand their asset base and help them integrate to the process of economic growth and social development. Thus, it is imperative to devise a mechanism to reach the extremely poor with such services. It is noted that NGOs have the potential to undertake productive investment and marketing capabilities, which may generate pro-poor employment. This potential needs to be harnessed and for this appropriate policies must be adopted. The UP should be given some regulatory authority to monitor and support the NGOs in designing and implementing pro-poor employment projects.

**Conclusion**

The governance process and mechanism as illustrated in conventional development literature does not necessarily address the needs and priorities of the poor particularly the ultra poor of rural Bangladesh. Formal definition of governance suffers from intrinsic open-endedness, vagueness, and inherent lack of specificity, and, thus, tends to generate a good deal of debate as to what is or should be its ‘proper’ meaning, its approaches and directions. Based on empirical findings, it can be argued that the needs and aspirations of the poor can only be addressed through a conceptual redesign and understanding of ‘responsive governance’. The paper argued that without a comprehensive reform and revitalization of the local government system specially the UP, it would be difficult, if not impossible, to achieve the goals of PRSP. It is also argued that renewed role and capacity of the UP could substantively bring significant changes in the process of democratization as well as contribute towards the institutionalization of democracy at the national level. Finally, the paper argued that in order to institutionalize development and governance, emphasis should be given to reconceptualise the term governance with a focus to include “pro-poor” issues and aspirations particularly in a country like Bangladesh.

**References**


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\(^{12}\) BSS - *Baitaha Samahay Samity* (Cooperatives for the Destitutes), KSS - *Krishak Samahay Samity* (Farmers Cooperatives), MSS - *Mohila Samahay Samity* (Women Cooperatives)

\(^{13}\) During the last two decades, the Government of Bangladesh has been pursuing a number of safety net programmes (SNPs). Expenses for SNPs are less than one percent of GDP and about 4.4 percent of public expenditure.


